

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
FOR
LEICESTER CATHEDRAL MUSIC FOUNDATION**

Duncan & Toplis Limited, Statutory Auditor
3 Princes Court
Royal Way
Loughborough
Leicestershire
LE11 5XR

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Page
Report of the Trustees	1 to 6
Report of the Independent Auditors	7 to 10
Statement of Financial Activities	11
Statement of Financial Position	12
Statement of Cash Flows	13
Notes to the Statement of Cash Flows	14
Notes to the Financial Statements	15 to 23
Detailed Statement of Financial Activities	24

LEICESTER CATHEDRAL MUSIC FOUNDATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2020

The Trustees of the Leicester Cathedral Music Foundation present their annual report for the year ended 31 December 2020 and confirm they comply with the requirements of the Charities Act 1993, as amended by the Charities Act 2006 and subsequently by the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and the relevant version of the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

LEICESTER CATHEDRAL MUSIC FOUNDATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2020

OBJECTIVES AND ACTIVITIES

Objectives and aims

Objectives for 2020: How did the charity perform against these objectives?

Our mission is to contribute to the Cathedral's mission as a beating heart for City and County through high quality music for both worship and outreach. In 2020 we set the following specific Goals and Actions in furtherance of that mission:

- 1 Build a substantial fund to enable all aspects of music to flourish within the Cathedral.
 - 1.1. Identifying and approaching appropriate Trusts and Foundations.
 - 1.2. Recruiting individual donors.
 - 1.3. Ensuring the optimal and ethical maximisation of financial resources.
 - 1.4. Appropriate allocation of funds in pursuit of Music Foundation objectives.

The Player Trust made a significant donation in 2020 which assists in building the endowment funding required to support musical activities within the Cathedral on a secure basis. Arts Council funding was also granted to the Cathedral and some of it supported the music department and enabled a review of fundraising and the development of a funding strategy for future years.

- 2 Enabling the funding of professional musicians and administrative staff.
 - 2.1. Being in dialogue with the Dean and Chapter over staffing priorities for the Cathedral music department.
 - 2.2. Enhancing the musical education and development of Leicester Cathedral musicians whether paid, part-paid or volunteers.

Despite the ongoing pandemic the Cathedral, with the support of the Trust and other donors, was able to maintain its musical tradition and introduce a musical administrator to support the development of musical events, DioSing! and to maintain contact with all the Cathedral's choristers.

- 3 Developing through proactive engagement, the network of supporters.
 - 3.1. Promoting events to reward, engage and encourage supporters, both new and existing.
 - 3.2. To provide support to the Cathedral administration function, where possible, in organisational matters relating to our supporters.

This objective was difficult to achieve during the pandemic, but the review of fundraising and development of a funding strategy emphasised the need to maintain and develop our network of supporters.

- 4 To support the Cathedral's mission to be 'a beating heart for City and County' through the provision of musical opportunities.
 - 4.1. Support the development of DioSing! with a view to reaching out to a wider network of children and their educators and promote musical opportunities for children and young people across the diocese.
 - 4.2. Support opportunities for the Cathedral Choirs to lead worship in churches across the diocese.
 - 4.3. To encourage the use of the Cathedral space as a venue for musical performance.
 - 4.4. To support the aspiration of becoming a musical resource for the whole diocese.

Due to the pandemic the Cathedral was not able to be open throughout much of 2020 but the loosening of restrictions later in the year gave the Cathedral the opportunity to develop a fuller range of musical activities from October onwards. DioSing! was able to restart and will develop further in 2021. The Chapter's decision to agree the Leicester Cathedral Revealed project will provide opportunities for the Cathedral Choirs to lead worship in churches across the diocese in 2022. It will also further develop the use of the Cathedral space as a venue for musical performance.

Trustees induction and training

All current trustees are also trustees of other charitable organisations and well experienced in the nature of the role and legal responsibilities. New trustees will receive an induction, be made aware of the role of a trustee as laid down by the Charity Commission and, if appropriate, attend appropriate training and development seminars to help them develop their role.

LEICESTER CATHEDRAL MUSIC FOUNDATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2020

Public benefit

The charity trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

ACHIEVEMENT AND PERFORMANCE

Achievements

The Charitable Incorporated Organisation (CIO) fundraises primarily through institutions, trust and foundations together with event-based fundraising and individual donations. The CIO does not engage in cold-calling or street-based fundraising and all activities undertaken are directly monitored and controlled by the Trustees. It has not received any complaints in the year in connection with the propriety of its fundraising. The charity is aware of the need to protect potentially vulnerable donors and in the small number of cases where this is applicable it does so through their families.

The CIO has received funds totalling £115,041 from trusts and private individuals, including a donation of £112,121 from the Lt Col John Dane Player Trust ('the Player Trust'), of which £112,011 was in the form of an endowment.

The interest earned from the endowment investments totalled £9,073, of which £8,042 was transferred to the Reserve Fund to support Choral Scholarships, with the remainder supporting the general work of the foundation.

FINANCIAL REVIEW

Financial position

At the year-end, the unrestricted funds had a cash balance of £86,256 and an overall balance of £91,539.

The restricted funds had a cash balance of £13,786 and an overall balance of £21,828.

The endowment funds had an overall balance of £372,907.

Reserves policy

The Trustees consider that an appropriate level of unrestricted reserves should be sufficient to cover any Governance Costs, around £5,000. The current level of reserves well exceeds this amount (£91,539) and this is available to develop the work of the Choir, the continuation of the DioSing programme and support the Salary of the Assistant Director of Music.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing statute

Leicester Cathedral Music Foundation is a Charitable Incorporated Organisation (CIO) whose only voting members are its charity trustees. It was incorporated on 5 November 2015.

Organisational structure

The Music Foundation is of significant importance in supporting Chapter and particularly College of Canons to achieve its aims and it uses the staffing resources of the Cathedral to meet these. The trustees meet regularly to have oversight of its fundraising activities and annually to receive the report and accounts prepared by the Administrator and Finance Manager. The day to day operation is carried out by the Cathedral staff and senior team, in close consultation with the Trustees who meet on a regular basis, and with the College of Canons; the Cathedral Chapter receives updates at each of its meetings.

LEICESTER CATHEDRAL MUSIC FOUNDATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT

Risk management

The main purpose of the charity is to raise money to enable the Dean and Chapter of Leicester Cathedral to achieve its purpose as described in the Objects of the charity above. The Trustees are involved in fundraising activities with other staff from the Cathedral and in this way have direct input to the development of strategies and their implementation. The Trustees are acutely aware of their responsibilities with regard to the money raised and that it is only to be used for the purpose given. They have established controls to mitigate any risks in the treatment of funds.

It is the Chapter that would commission any expenditure and therefore any risk would fall to them. In making decisions to commit to work in the Cathedral the Chapter would need to be mindful of the need to ensure that funds exist either from the Music Foundation or other sources.

Safeguarding

The Trust operates within the Safeguarding Policy and Procedures of Leicester Cathedral which is constructed using the Church of England National Safeguarding Policy and Procedures adapted to this local Cathedral context.

Impact of the coronavirus pandemic

In early 2020 the coronavirus pandemic impacted the fundraising operation of the charity. Whilst the levels of private giving and revenue grants did not decline significantly it reduced the ability to attract new donors, and this will be closely monitored in 2021. The book value of the investments significantly declined initially, and it impacted on the dividend income as well, although in the latter part of 2020 their values increased.

The Trustees consider that the charity has sufficient reserves to continue to meet its charitable objectives.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Charity number

1164872

Principal address

Cathedral Office
St Martins House
7 Peacock Lane
Leicester
Leicestershire
LE1 5PZ

Trustees

Very Rev D Monteith
Canon Prof R Allison
Lady J Gretton
Reverend D Johnson
Mr P Leech
The Ven Canon D Newman
Canon P Russell

Auditors

Duncan & Toplis Limited, Statutory Auditor
3 Princes Court
Royal Way
Loughborough
Leicestershire
LE11 5XR

LEICESTER CATHEDRAL MUSIC FOUNDATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2020

REFERENCE AND ADMINISTRATIVE DETAILS

Solicitors

Revd T Kirkman MA (Cantab)
Latham and Co Solicitors
Charnwood House, 2 Forest Road
Leicester
LE11 3NP

Administrator

Jonathan Kerry
Chief Executive, Diocesan Secretary and Cathedral Administrator

Finance Manager

Trevor Peel
Financial Controller - Leicester Cathedral

Bankers

Barclays Bank plc
1 - 3 Haymarket Towers Branch
Humberstone Gate
LE1 1WA

Investment Managers

CCLA Investment Management Ltd
80 Cheapside
London
EC 2V 6DZ

Brewin Dolphin
First Floor, Waterfront House
Waterfront Plaza
35 Station Street
Nottingham
NG2 3DQ

LEICESTER CATHEDRAL MUSIC FOUNDATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF TRUSTEES' RESPONSIBILITIES

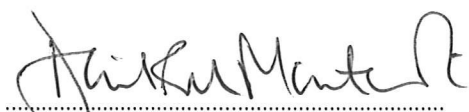
The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the [Charities (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by order of the board of trustees on 20th October 2021 and signed on its behalf by:



Very Rev D Monteith - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF LEICESTER CATHEDRAL MUSIC FOUNDATION

Opinion

We have audited the financial statements of Leicester Cathedral Music Foundation (the 'charity') for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Statement of Financial Position, the Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2020, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2020 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
LEICESTER CATHEDRAL MUSIC FOUNDATION**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF LEICESTER CATHEDRAL MUSIC FOUNDATION

Our responsibilities for the audit of the financial statements

We have been appointed as auditors under Section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We have identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial experience, knowledge of the sector, a review of regulatory and legal correspondence and through discussions with Trustees and other key management obtained as part of the work required by auditing standards. We have also discussed with the Trustees and other key management the policies and procedures relating to compliance with laws and regulations. We communicated laws and regulations throughout the team and remained alert to any indications of non-compliance throughout the audit. The potential impact of different laws and regulations varies considerably.

Firstly, the charity is subject to laws and regulations that directly impact the financial statements (for example financial reporting legislation) and we have assessed the extent of compliance with such laws as part of our financial statements audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including risk of override of controls) and determined that the principal risks were related to management bias in judgemental areas of the financial statements such as income recognition, as well as the risk of inappropriate journal entries to manipulate reported surplus/deficit. Audit procedures performed by the engagement team included the identification and testing of unusual material nominal ledger entries and challenging management on key assumptions and judgements made in the preparation of the financial statements. We carried out detailed substantive tests on material income streams, including reviewing the supporting documentation used to determine the recognition of income, ensuring it is consistent and recognised in the correct period, and we have reviewed and assessed the knowledge and expertise of the investment managers and verified the valuations and income from the investments to third party confirmations.

Secondly, the charity is subject to other laws and regulations where the consequence for non-compliance could have a material effect on the amounts or disclosures in the financial statements. We identified the following areas as those most likely to have such an effect: Written restrictions or designations imposed by grant providers or donors. Again, we have reviewed the supporting documentation for all material incomes received and assured ourselves that any written conditions have been adhered to as applicable. We note that given the nature of the charity, there are no specific laws and regulations governing the activities, aside from Companies Act 2006, Charities Act 2011, Charitable Incorporated Organisations (General) regulations 2012 and the applicable accounting standards.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other key management and inspection. This inspection included reading minutes of meetings of those charged with governance and discussing with both those charged with governance and the key management to confirm that to their knowledge they were not aware of any instances of non-compliance. Through these procedures, if we became aware of any non-compliance, we considered the impact on the procedures performed on the related financial statement items.

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF LEICESTER CATHEDRAL MUSIC FOUNDATION

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. As with any audit, there is a greater risk of non-detection of irregularities as these may involve collusion, intentional omissions of the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Duncan & Toplis Limited, Statutory Auditor
3 Princes Court
Royal Way
Loughborough
Leicestershire
LE11 5XR

Date:

LEICESTER CATHEDRAL MUSIC FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Unrestricted fund £	Restricted fund £	Endowment funds £	2020 Total funds £	2019 Total funds £
INCOME AND ENDOWMENTS FROM						
Donations and legacies	3	3,030	-	112,011	115,041	11,112
Investment income	4	-	8,042	1,031	9,073	8,661
Total		<u>3,030</u>	<u>8,042</u>	<u>113,042</u>	<u>124,114</u>	<u>19,773</u>
EXPENDITURE ON Charitable activities						
Charitable activities	5	14,802	-	2,131	16,933	37,134
Other running costs		5,959	-	-	5,959	4,727
Other		-	-	-	-	-
Total		<u>20,761</u>	<u>-</u>	<u>2,131</u>	<u>22,892</u>	<u>41,861</u>
Net gains on investments		-	-	5,043	5,043	26,904
NET INCOME/(EXPENDITURE)		<u>(17,731)</u>	<u>8,042</u>	<u>115,954</u>	<u>106,265</u>	<u>4,816</u>
RECONCILIATION OF FUNDS						
Total funds brought forward		109,270	13,786	256,953	380,009	375,193
TOTAL FUNDS CARRIED FORWARD		<u>91,539</u>	<u>21,828</u>	<u>372,907</u>	<u>486,274</u>	<u>380,009</u>

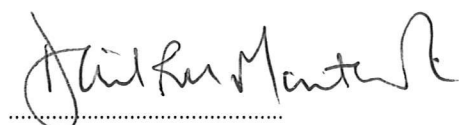
The notes form part of these financial statements

LEICESTER CATHEDRAL MUSIC FOUNDATION

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2020

	Notes	Unrestricted fund £	Restricted fund £	Endowment funds £	2020 Total funds £	2019 Total funds £
FIXED ASSETS						
Investments	9	-	-	260,896	260,896	255,853
CURRENT ASSETS						
Debtors	10	12,027	8,042	112,011	132,080	1,262
Cash at bank		86,256	13,786	-	100,042	132,836
		<u>98,283</u>	<u>21,828</u>	<u>112,011</u>	<u>232,122</u>	<u>134,098</u>
CREDITORS						
Amounts falling due within one year	11	(6,744)	-	-	(6,744)	(9,942)
NET CURRENT ASSETS		<u>91,539</u>	<u>21,828</u>	<u>112,011</u>	<u>225,378</u>	<u>124,156</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>91,539</u>	<u>21,828</u>	<u>372,907</u>	<u>486,274</u>	<u>380,009</u>
NET ASSETS		<u>91,539</u>	<u>21,828</u>	<u>372,907</u>	<u>486,274</u>	<u>380,009</u>
FUNDS	12					
Unrestricted funds					91,539	109,270
Restricted funds					21,828	13,786
Endowment funds					372,907	256,953
TOTAL FUNDS					<u>486,274</u>	<u>380,009</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 20th October 2021 and were signed on its behalf by:



Very Rev D Monteith - Trustee

LEICESTER CATHEDRAL MUSIC FOUNDATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	(143,705)	(15,743)
Net cash used in operating activities		(143,705)	(15,743)
Cash flows from financing activities			
Income attributable to endowment		113,042	1,100
Expenditure attributable to endowment		(2,131)	-
Net cash provided by financing activities		110,911	1,100
Change in cash and cash equivalents in the reporting period		(32,794)	(14,643)
Cash and cash equivalents at the beginning of the reporting period		132,836	147,479
Cash and cash equivalents at the end of the reporting period		100,042	132,836

The notes form part of these financial statements

LEICESTER CATHEDRAL MUSIC FOUNDATION

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2020 £	2019 £
Net income for the reporting period (as per the Statement of Financial Activities)	106,265	4,816
Adjustments for:		
Gain on investments	(5,043)	(26,904)
Income attributable to endowment	(113,042)	(1,100)
Expenditure attributable to endowment	2,131	-
(Increase)/decrease in debtors	(130,818)	603
(Decrease)/increase in creditors	(3,198)	6,842
Net cash used in operations	<u>(143,705)</u>	<u>(15,743)</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.20 £	Cash flow £	At 31.12.20 £
Net cash			
Cash at bank	<u>132,836</u>	<u>(32,794)</u>	<u>100,042</u>
	<u>132,836</u>	<u>(32,794)</u>	<u>100,042</u>
Total	<u>132,836</u>	<u>(32,794)</u>	<u>100,042</u>

LEICESTER CATHEDRAL MUSIC FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

Leicester Cathedral Music Foundation is a Charitable Incorporated Organisation (CIO) registered in England and Wales, whose only voting members are its trustees. The charity's registered number is 1152990 and the Company registration number is CE000600. The principal address of the charity is St Martins House, 7 Peacock Lane, Leicester, LE1 5PZ.

The financial statements are presented in sterling which is the functional currency of the charity and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The financial statements cover the individual entity.

The entity constitutes a public benefit entity as defined by FRS 102.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The accounts (financial statements) have been prepared in accordance with the relevant version of the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Accounting Practice.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the relevant version of the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Income from government and other grants whether "capital" grants or "revenue" grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either:

- the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made,
- or when a distribution is received from the estate.

Receipt of a legacy in whole or in part, is only considered probable when the amount can be measured reliably, and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES - continued

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Expenses are accounted for inclusive (where applicable) of any VAT which cannot be recovered.

Taxation

The charity is exempt from tax on its charitable activities.

Fund accounting

Unrestricted funds are funds which are available for use at the discretion of the charity in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the charity for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Financial instruments

The charity has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of financial activities.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the income statement, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES - continued

Investments

Fixed asset investments are measured at fair value if the shares are publicly traded or can otherwise be measured reliably. The fair value is represented by the bid price at the financial reporting date.

Realised and unrealised gains or losses on investments are accounted for in full within the particular fund of which the investment forms a part.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

Going concern

The financial statements have been prepared on the going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements.

As noted in the trustees' report, the trustees have paid due regard to the Covid-19 pandemic while considering the going concern of the charity.

3. DONATIONS AND LEGACIES

	2020	2019
	£	£
Donations	2,408	10,012
Gift aid	512	1,100
Grants	112,121	-
	<u>115,041</u>	<u>11,112</u>

Grants received, included in the above, are as follows:

	2020	2019
	£	£
Grants in support of mission	<u>112,121</u>	<u>-</u>

4. INVESTMENT INCOME

	2020	2019
	£	£
Income from listed investments	<u>9,073</u>	<u>8,661</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

5. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Support costs £	Totals £
Charitable activities	16,933	-	16,933
Other running costs	-	5,959	5,959
	<u>16,933</u>	<u>5,959</u>	<u>22,892</u>

6. AUDITORS' REMUNERATION

	2020 £	2019 £
Fees payable to the charity's auditors for the audit of the charity's financial statements	3,844	3,500
Preparation of the financial statements	<u>2,100</u>	<u>-</u>

7. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2020 nor for the year ended 31 December 2019.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 December 2020 nor for the year ended 31 December 2019.

Employees

Excluding trustees, there were no employees for the charity during the current or prior year. As the charity does not employ staff there were no staff or key management remuneration costs.

8. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted fund £	Endowment funds £	Total funds £
INCOME AND ENDOWMENTS FROM				
Donations and legacies	10,539	573	-	11,112
Investment income	<u>-</u>	<u>7,561</u>	<u>1,100</u>	<u>8,661</u>
Total	10,539	8,134	1,100	19,773
EXPENDITURE ON				
Charitable activities				
Charitable activities	29,000	8,134	-	37,134
Other running costs	<u>4,727</u>	<u>-</u>	<u>-</u>	<u>4,727</u>
Total	33,727	8,134	-	41,861
Net gains on investments	<u>-</u>	<u>-</u>	<u>26,904</u>	<u>26,904</u>
NET INCOME/(EXPENDITURE)	(23,188)	-	28,004	4,816

LEICESTER CATHEDRAL MUSIC FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

8. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted fund £	Restricted fund £	Endowment funds £	Total funds £
RECONCILIATION OF FUNDS				
Total funds brought forward	132,458	13,786	228,949	375,193
TOTAL FUNDS CARRIED FORWARD	<u>109,270</u>	<u>13,786</u>	<u>256,953</u>	<u>380,009</u>

9. FIXED ASSET INVESTMENTS

	Listed investments £
MARKET VALUE	
At 1 January 2020	255,853
Revaluations	5,043
At 31 December 2020	<u>260,896</u>
NET BOOK VALUE	
At 31 December 2020	<u>260,896</u>
At 31 December 2019	<u>255,853</u>

The quoted investments are principally holdings at CBF Investment and Property Funds which are mutual funds managed by CCLA Investment Managers Ltd.

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Amounts owed by parent	131,970	1,100
Accrued income	110	162
	<u>132,080</u>	<u>1,262</u>

LEICESTER CATHEDRAL MUSIC FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Amounts owed to parent	-	5,242
Other creditors	6,744	4,700
	<u>6,744</u>	<u>9,942</u>

12. MOVEMENT IN FUNDS

	At 1.1.20 £	Net movement in funds £	At 31.12.20 £
Unrestricted funds			
General fund	109,270	(17,731)	91,539
Restricted funds			
Music Scholarship Fund	13,786	8,042	21,828
Endowment funds			
Alderman Newton	95,320	1,920	97,240
Ouseley Trust	39,722	801	40,523
Choral Scholar Fund	35,065	(1,491)	33,574
T Topps Choral Scholar Fund	58,736	3,633	62,369
Friends of Cathedral Music	28,110	111,091	139,201
	<u>256,953</u>	<u>115,954</u>	<u>372,907</u>
TOTAL FUNDS	<u>380,009</u>	<u>106,265</u>	<u>486,274</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	3,030	(20,761)	-	(17,731)
Restricted funds				
Music Scholarship Fund	8,042	-	-	8,042
Endowment funds				
Alderman Newton	-	-	1,920	1,920
Ouseley Trust	-	-	801	801
Choral Scholar Fund	-	-	(1,491)	(1,491)
T Topps Choral Scholar Fund	-	-	3,633	3,633
Friends of Cathedral Music	113,042	(2,131)	180	111,091
	<u>113,042</u>	<u>(2,131)</u>	<u>5,043</u>	<u>115,954</u>
TOTAL FUNDS	<u>124,114</u>	<u>(22,892)</u>	<u>5,043</u>	<u>106,265</u>

LEICESTER CATHEDRAL MUSIC FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

12. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.1.19 £	Net movement in funds £	At 31.12.19 £
Unrestricted funds			
General fund	132,458	(23,188)	109,270
Restricted funds			
Music Scholarship Fund	13,786	-	13,786
Endowment funds			
Alderman Newton	86,541	8,778	95,319
Ouseley Trust	36,064	3,658	39,722
Choral Scholar Fund	31,485	3,580	35,065
T Topps Choral Scholar Fund	49,826	8,910	58,736
Friends of Cathedral Music	25,033	3,078	28,111
	<u>228,949</u>	<u>28,004</u>	<u>256,953</u>
TOTAL FUNDS	<u>375,193</u>	<u>4,816</u>	<u>380,009</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	10,539	(33,727)	-	(23,188)
Restricted funds				
Music Scholarship Fund	8,134	(8,134)	-	-
Endowment funds				
Alderman Newton	-	-	8,778	8,778
Ouseley Trust	-	-	3,658	3,658
Choral Scholar Fund	-	-	3,580	3,580
T Topps Choral Scholar Fund	-	-	8,910	8,910
Friends of Cathedral Music	1,100	-	1,978	3,078
	<u>1,100</u>	<u>-</u>	<u>26,904</u>	<u>28,004</u>
TOTAL FUNDS	<u>19,773</u>	<u>(41,861)</u>	<u>26,904</u>	<u>4,816</u>

Alderman Newton Trust

This fund was given in 2008 and the income is to be used for Choral Scholarships.

Ouseley Trust

This fund was given in 2008 and the income is to be used for Choral Scholarships.

LEICESTER CATHEDRAL MUSIC FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2020

12. MOVEMENT IN FUNDS - continued

Friends of Cathedral Music Choral Scholar Fund

This fund arose as a result of a grant from the Friends of Cathedral Music and the income will be used to provide Choir Scholarships in future years.

Thomas Topps Charity

This fund represents a historic endowment dating from 1874. The income is used towards Choral Scholarships.

Friends of Cathedral Music

This fund was given in 2016 and held by the Cathedral as a restricted fund. Once moved to the Foundation, an Endowment Fund was set up and the interest from this is towards the general work of the Foundation

13. RELATED PARTY DISCLOSURES

The Foundation made Grants to the Cathedral in relation to the musical work of the Cathedral. At the end of the year the charity owed the Cathedral £nil (£5,242 in 2019). At the end of the year the Cathedral owed the charity £131,970 (£1,100 in 2019), largely due to a large grant from The Player Trust, that was transferred directly by the donor into the Cathedral's Account.

The Music Foundation is vital in supporting the work of the Cathedral Chapter and the College of Canons in developing the musical life of the Cathedral in all its aspects. The trustees of the Music Foundation are nominated by Leicester Cathedral. The results of the Leicester Cathedral Music Foundation have, therefore, been included in the consolidated results of Leicester Cathedral.

During the year, the Foundation received donations from Trustees totalling £580 (£580 2019).

14. ULTIMATE CONTROLLING PARTY

The charity is controlled by its ultimate parent, Leicester Cathedral. Copies of the consolidated accounts can be obtained from the Cathedral office: St Martin's House, 7 Peacock Lane, Leicester, LE1 5PZ.

The object of the ultimate parent is being a centre of worship and mission for the advancement of the Christian religion in accordance with the precepts of the Church of England.

The Cathedral works towards these aims with the services and events they hold at the Cathedral and in the wider community.

The parent can exercise control via its common trustees.

15. FINANCIAL INSTRUMENTS

The carrying amount of the charity's financial instruments are as follows:

	2020	2019
	£	£
Financial assets at fair value through income and expenditure		
Listed investments	260,896	255,853

LEICESTER CATHEDRAL MUSIC FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

15. FINANCIAL INSTRUMENTS - continued

The incomes, expenses, net gains and net losses attributable to the charity's financial instruments are summarised as follows:

	2020	2019
	£	£
Net gains and losses (including changes in fair value)		
Financial assets measured at fair value through net income/expenditure	5,043	26,904

The total dividend income from financial assets that are measured at fair value through the income statement was £9,073 (2019 - £8,661).

LEICESTER CATHEDRAL MUSIC FOUNDATION

DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
INCOME AND ENDOWMENTS		
Donations and legacies		
Donations	2,408	10,012
Gift aid	512	1,100
Grants	112,121	-
	<u>115,041</u>	<u>11,112</u>
Investment income		
Income from listed investments	9,073	8,661
	<u>124,114</u>	<u>19,773</u>
Total incoming resources		
EXPENDITURE		
Charitable activities		
Charitable Giving	16,933	37,134
Support costs		
Finance		
Bank charges	15	27
Governance costs		
Auditors' remuneration	3,844	3,500
Auditors' remuneration for non audit work	2,100	-
Accountancy and legal fees	-	1,200
	<u>5,944</u>	<u>4,700</u>
Total resources expended	<u>22,892</u>	<u>41,861</u>
Net income/(expenditure) before gains and losses	101,222	(22,088)
Realised recognised gains and losses		
Realised gains/(losses) on fixed asset investments	5,043	26,904
	<u>106,265</u>	<u>4,816</u>
Net income		

This page does not form part of the statutory financial statements